



Patrick W. Henning, Director  
March 11, 2009  
22M:385:DEJ:9028



Arnold Schwarzenegger  
Governor

Mr. Leland Collins, Director  
San Luis Obispo Department of Social Services  
3343 S. Higuera  
P.O. Box 8119  
San Luis Obispo, CA 93403-8119

Dear Mr. Collins:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the San Luis Obispo (SLO) County Department of Social Services' (DSS) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Mr. David Jansson from October 14, 2008 through October 17, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by DSS with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with DSS representatives and service provider staff. In addition, this report includes the results of our review of selected case files, DSS' response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on February 4, 2008, and reviewed your comments and documentation before finalizing this report. Because your response:

1. Adequately addressed findings #1 and #2 cited in the draft report, we recommend that DSS provide CRO copies of the updated WIB roster upon completion of those appointments. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 90050 and 90051.
2. DSS' response to finding #3 adequately addressed the finding cited in the draft report; no further action is required and we consider the issue resolved.

### **BACKGROUND**

The DSS was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, DSS was allocated: \$342,274 to serve 25 adult participants; \$550,924 to serve 100 youth participants; and \$484,899 to serve 30 dislocated worker participants.

For the quarter ending June 30, 2008, DSS reported the following expenditures for its WIA programs: \$255,985 for adult participants; \$424,912 for youth participants; and \$317,756 for dislocated worker participants. In addition, DSS reported the following enrollments: 42 adult participants; 108 youth participants; and 59 dislocated worker participants. We reviewed case files for 27 of the 209 participants enrolled in the WIA program as of October 14, 2008.

### **PROGRAM REVIEW RESULTS**

While we conclude that, overall, DSS is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Workforce Investment Board (WIB) composition, Youth Council membership and quorum, and youth competency documentation. The findings that we identified in these areas, our recommendations, and DSS' proposed resolution of the findings are specified below.

#### **FINDING 1**

**Requirement:**

WIA Section 117(b) (2) and (d) states, in part, that the composition of the Local Workforce Investment Board (LWIB) must include representatives from business, local educational entities, labor organizations, community based organizations (CBO), economic development agencies, and each of the one-stop partners, as well as others that the Chief Elected Officer determines to be appropriate.

20 CFR 661.315 states, in part, that the local board must select two or more members representing the categories described in WIA section 117(b)(2)(A(ii)-(v).

WIAD06-21 states, in part, that local board composition must include representatives of labor organizations nominated by local labor federations. At least 15 percent of the local board members shall be representatives of labor organizations unless the local labor federation fails to nominate enough members. If this occurs, then at least 10 percent of the local board members shall be representatives of labor organizations.

**Observation:**

We observed that the San Luis Obispo (SLO) WIB:

- Is missing one of two representatives of CBOs; and
- Is missing three labor representatives to achieve the 15 percent labor representation.

Additionally, four business representative positions have become vacant in the last six months.

**Recommendation:**

We recommended that DSS provide Compliance Review Office (CRO) with a corrective action plan (CAP) to fill the CBO vacancy and appoint three labor representatives while maintaining a business majority. Additionally, we recommended that DSS provide CRO with documentation demonstrating these appointments were made.

**DSS Response:**

The DSS stated that effective January 13, 2009, the WIB filled two business seats and provided the SLO County Board of Supervisor (BOS) meeting minutes as substantiation. Further, DSS stated the SLO BOS approved the appointment of two additional members to fill one labor seat and the vacant CBO seat. The DSS stated appointments are scheduled for the February 24, 2009 BOS meeting (substantiation provided in BOS meeting agenda.)

The DSS noted that two business seats and two labor seats are still vacant after the above activity. The DSS stated that the WIB's Consultant is actively recruiting new members and has been coordinating that effort with the Farm Labor

Organization of SLO County. The SLO WIB established June 30, 2009 as the deadline for filling all vacant seats.

**State Conclusion:**

The DSS stated corrective action should be sufficient to resolve this. We recommend that DSS provide CRO copies of the updated WIB roster upon completion of those appointments. Until then, this issue remains open and has been assigned CATS number 90050.

**FINDING 2**

**Requirement:**

WIA Section 117(h)(2)(A)(i-vi) states, in part, that Youth Council membership shall include members of youth service agencies, including juvenile justice and local law enforcement agencies, and parents of eligible youth.

20 CFR 661.340 states, in part, that the Youth Council is responsible for coordinating youth activities, developing portions of the local plan related to eligible youth, recommending eligible youth service providers, conducting oversight with respect to eligible providers of youth activities, and carrying out other duties, as authorized by the chairperson of the Local Board.

**Observation:**

We observed that the SLO Youth Council does not have representatives in:

- The juvenile justice/local law enforcement agencies; and
- A parent of an eligible youth seeking assistance.

Additionally, the SLO Youth Council has not held a meeting with a quorum since March 2007. Therefore, the SLO Youth Council has been unable to meet the responsibilities of 20 CFR Section 661.340 outlined above. As a result of not having a functional youth council, further youth program development has not occurred.

**Recommendation:**

We recommended that DSS develop a CAP, including a timeline, for appointing a representative of juvenile justice/law enforcement and a parent of an eligible participant. We also recommended that the CAP include a timeline for establishing

a functioning Youth Council and provide CRO documentation stating how DSS is carrying out the above responsibilities.

**DSS Response:**

The DSS stated that effective December 9, 2008, the Youth Council has reconvened for regular monthly meetings and will continue to meet monthly for PY 2008-09. The DSS also stated that the SLO WIB approved the appointment of a representative of juvenile justice from the County Probation Department at its January 27, 2009 meeting. Additionally, DSS stated that recruitment and outreach efforts are underway to locate a parent of an eligible youth seeking services. The DSS and the WIB consultant are working with the Youth Services provider to obtain contact information on all parents of eligible youth so that DSS may invite parents to apply for membership on the Youth Council. Finally, DSS stated its goal is to complete this recruitment within the next 45 days.

**State Conclusion:**

The DSS' stated corrective action adequately addresses filling the representative of juvenile justice vacancy, but the representative of a parent of an eligible youth vacancy still exists. We recommend that DSS provide CRO documentation of its successful appointment for that vacancy. Until then, this issue remains open and has been assigned CATS number 90051.

**Finding 3****Requirement:**

WIA Section 136(b)(2) states, in part, that one indicator of performance is the attainment of secondary school diplomas and their recognized equivalents.

Training and Employment Guidance Letter (TEGL) 17-05 states, in part, that useable data sources include case management notes and surveys of participants to determine if the individual has received a degree or certificate.

20 CFR 666.100(3)(i)(ii) states, in part that attainment of secondary school diplomas and their recognized equivalents is one of three performance indicators.

WIAD04-18 states, in part, that LWIAs are responsible for ensuring that adequate documentation is contained in their participant case files to minimize the risk of disallowed costs.

**Observation:**

Two case files reviewed did not contain copies of diplomas or their equivalent. In one instance, the participant's graduation had been noted in the case files via the JTA Exit forms and in the other instance, a case file note stated "graduates". However, while the JTA exit forms include the date of graduation, the case file did not include documentation substantiating the graduation information, such as the name of the school or how the information was obtained.

**Recommendation:**

We recommended that DSS provide CRO documentation substantiating the attainment of diplomas for the participants identified above. Additionally, we recommended that DSS provide CRO with a CAP outlining how they will ensure appropriate documentation is maintained in the future.

**DSS Response:**

The DSS provided copies of diplomas for the two identified participants whose case files did not contain documentation of goal completion in their files at the time of the review. Furthermore, DSS stated that they monitor the activities of contractors to ensure that both contractors and their subcontractors are complying with acceptable standards for documentation. Contractors use a cover sheet and a checklist as well as an internal monitoring form that is used at exit when the file is reviewed in its entirety. The DSS stated documentation of graduation that was not included in the reviewed files appears to be an oversight. Contractors will continue to provide review and training to their subcontractors to ensure compliance. Finally, DSS will be formally monitoring their subcontractors this spring to ensure compliance with documentation requirements.

**State Conclusion:**

The DSS' stated response and substantiation documentation adequately addressed the finding cited in the draft report; no further action is required and we consider the issue closed.

In addition to the findings above, we identified conditions that may become compliance issues if not addressed. Specifically, due to the recent transition of the administrative entity from SLOPIC to DSS, the following policies and procedures require updating and/or development and implementation: Nondiscrimination and Equal Opportunity,

data submittal, general eligibility for services, youth eligibility, youth competency, individual training accounts, supportive services, work experience and customized training, program grievance and complaint, monitoring and oversight of subrecipients, and procurement. We suggest that DSS take the necessary steps to ensure their policies and procedures are up to date. In its response, DSS did not address our concerns.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than April 9, 2009. Please submit your response to the following address:

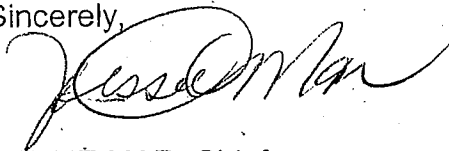
Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is DSS' responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain DSS' responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-7005 or Mr. David Jansson at (916) 654-7690.

Sincerely,



JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Greg Gibson, MIC 50  
Jose Luis Marquez, MIC 50  
Daniel Patterson, MIC 45  
Lydia Rios, MIC 50